

Philip R. Liebman

January 10, 2005

Mr. Jeff S. Jordan  
Supervisory Attorney  
Complaints Examination & Legal Administration  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

RE: MUR5624

Mr. Jordan,

I am in receipt of a complaint forwarded to my attention by the Jaliman for Congress Campaign with regard to specific complaints filed by Day Merrill of Ontario Canada.

There are certain matters contained in the allegations Ms. Merrill raises that I can address with first hand knowledge, and having worked on the campaign I have some understanding and opinions regarding the nature of the complaint on whole and the circumstances in which they were made.

Ms. Merrill, a former friend and associate of Mr. Jaliman had been a volunteer to the campaign early on and had anticipated becoming a paid staffer along with her business and life partner Michael Locey. For various and good reasons the business arrangements that would have transitioned them from volunteers to full-time paid staff members were never finalized nor consummated and resulted in a tremendous showing of ill-will towards Michael Jaliman, then candidate for Congress.

Despite efforts to smooth the problems over and resolve factual issues regarding any possible or alleged agreement, Ms. Merrill grew irate and agitated and made numerous threats to the campaign through me, all indicating that unless they were paid what they felt they deserved they intended speak to the press, file complaints with the FEC and do anything and everything they could to damage Mr. Jaliman's political aspirations. These threats were indeed taken seriously.

Finally, several days before Election Day an agreement that appeared suitable to both parties had been worked out and the matter seemed to be closed. However, it appeared and still appears to me that the bitter anger this woman holds against Michael Jaliman was sufficient to undermine any such arrangement and instead she opted to execute her threats – or possibly realized that she had already breached the confidentiality agreement she had signed as a term of the overall agreement with the Jaliman Campaign.

Accordingly I believe that the entire complaint not only lacks factual basis, but was concocted as a means of exacting personal retribution on Mr. Jaliman to somehow justify her anger and frustration over her role in the campaign.

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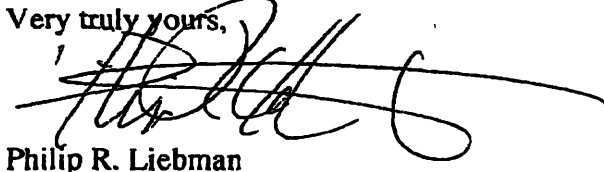
That said, as to the specific allegations, in paragraph 4, Ms. Merrill suggests that I spoke with her and insinuates that she was asked to "lie" about the nature of her relationship with Jaliman for Congress. This is categorically untrue. I did speak with her on the date mentioned, but had clearly suggested that the agreement that they had forwarded the campaign should be modified to include indemnity and protection to Innovation Consultants *in addition* to the Campaign Committee. The reason, as I had explained both in conversation and email, was that the funds she was demanding be sent overnight were drawn from the account of Innovation Consultants, a private company owned and funded by the Candidate, that had served as an agent for the campaign, and a vehicle by which Michael Jaliman was directing his own personal moneys to support his election bid. Furthermore it was made clear to Ms. Merrill that all activities between Innovation Consultants and Jaliman for Congress were legitimate and all being properly reported with regard to compliance with applicable Campaign Finance Laws, as was the case as I know it.

As to other allegations that don't specifically cite my involvement, I can address certain issues. Regarding the matter of setting-up campaign contributions online via the official campaign Website, I can positively assert that at no time was there ever any discussion, intent or effort to set up a scheme that would divert funds from the campaign, and that all funds collected were deposited into the Jaliman for Congress bank account. The matter that Ms. Merrill raises is clearly based on her misunderstanding, or perhaps skewed understanding of the facts. The issue regarding the inclusion of Reva Jaliman on the application for the Merchant Banking Contract, which was required in order to accept credit card payments as contributions over the Internet, was a matter of establishing credit worthiness for the campaign in order to eliminate a percentage of the transaction value that would have otherwise been withheld as security to guarantee those transactions. At that point the campaign seemed unable to achieve such credit worthiness on its own. The notion that there was some kind of arrangement to "divert" funds is entirely false on its face and in fact a ludicrous invention on Ms. Merrill's part. The reason Mr. Locey, who had been given access to the Website server in order to update news and pictures, was removed from access to the site was due to the fact that they were no longer working on the campaign and due to the threats that Ms. Merrill was making raising concerns that they might attempt to sabotage or somehow maliciously damage the Website.

Finally, on the matter of the television commercials, a simple check of the facts will determine that no such commercials ever aired for Innovation Consultants at any time.

In conclusion, I trust that a review of the circumstances and facts demonstrate that Ms. Merrill's allegations are baseless and without merit and moreover pose a clear indication as to what her true motivations are in this regard.

Very truly yours,



Philip R. Liebman

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